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Health Insurance Reform and Connecticut

Had we done nothing, by 2019 the number of uninsured people would have grown by more than 30 percent in 29 states and by at least 10 percent in every state. The amount of uncompensated care provided would more than double in 45 states. Businesses in 27 states will see their premiums more than double. And fewer people would have coverage through an employer.¹ In addition to families and businesses struggling with high health care costs, state governments have really felt the burden.

The new law expands coverage to millions of Americans, reduces premiums and out-of-pocket costs, and provides the security of knowing that if you lose your job, change your job, or start that new business, you'll always be able to purchase quality, affordable care in a new competitive health insurance market that keeps costs down.

Under reform in Connecticut:

- 356,000 residents who do not currently have insurance and 154,000 residents who have nongroup insurance could get affordable coverage through the health insurance exchange.
- 242,000 residents could qualify for premium tax credits to help them purchase health coverage.
- 547,000 seniors would receive free preventive services.
- 97,100 seniors would have their brand-name drug costs in the Medicare Part D "doughnut hole" halved.
- 37,600 small businesses could be helped by a small business tax credit to make premiums more affordable.

Health Insurance Reform Provides Early Relief and Health Security. Proposals implemented in 2010 and 2011 will produce *real benefits* for:

- **Families:** The 3.5 million residents of Connecticut will benefit as reform:
 - Ensures consumer protections in the insurance market. Insurance companies will no longer be able to place lifetime limits on the coverage they provide, use of annual limits will be restricted, and they will not be able to arbitrarily drop coverage.
 - Creates immediate options for people who can't get insurance today. 7 percent of people in Connecticut have diabetes², and 26 percent have high blood pressure³ – two conditions that insurance companies could use as a reason to deny health insurance coverage. Reform will establish a high-risk pool to enable people who cannot get insurance today to find an affordable health plan.
 - Ensures free preventive services. 30 percent of Connecticut residents have not had a colorectal cancer screening, and 15 percent of women over 50 have not had a mammogram in the past two years.⁴ Health insurance reform will ensure that people can access preventive services for free through their health plans. It will also invest in a prevention and public health fund to encourage prevention and wellness programs.
 - Supports health coverage for early retirees. An estimated 50,300 people from Connecticut have early retiree coverage through their former employers, but early retiree coverage has eroded over time.⁵ A reinsurance program would stabilize early retiree coverage and provide premium relief to both early retirees and the workers in the firms that provide their health benefits. This could save families up to \$1,200 on premiums.
- **Seniors:** Connecticut's 547,000 Medicare beneficiaries⁶ will benefit as reform:
 - Lowers premiums by reducing Medicare's overpayments to private plans. All Medicare beneficiaries pay the price of excessive overpayments through higher premiums – even the 85 percent of seniors in Connecticut who are not enrolled in a Medicare Advantage plan.⁷ A typical couple in traditional Medicare will pay nearly \$90 in additional Medicare premiums next year to subsidize these private plans.⁸ Health insurance reform clamps down on these excessive payments.
 - Reduces prescription drug spending. Roughly 97,100 Medicare beneficiaries in Connecticut hit the "doughnut hole," or gap in Medicare Part D drug coverage that can cost some seniors an average of \$4,080 per year.⁹ Reform legislation will provide a 50 percent discount for brand-name drugs in this coverage gap.
 - Covers free preventive services. Currently, seniors in Medicare must pay part of the cost of many preventive services on their own. For a colonoscopy that costs \$792, this means that a senior must pay \$186¹⁰ – a price that can be prohibitively expensive. Under reform, a senior will not pay anything for that colonoscopy, or for any other recommended preventive service. A senior will also get free annual wellness visits to his or her provider, with a personalized prevention plan to remain in good health.
- **Small businesses:** While small businesses make up 76 percent of Connecticut's businesses, only 53 percent of them offered health coverage benefits in 2008.¹¹ 37,600 small businesses in Connecticut could be helped by a small businesses tax credit proposal that makes premiums more affordable.¹² And these small businesses would be exempt from any employer responsibility provisions.
- **States:** State budgets will be relieved from rising health care costs as reform:
 - Reduces state employee premiums. Coverage would immediately be expanded to the uninsured, decreasing the amount of uncompensated care costs that gets shifted to the premiums of state employees. For states that provide early retiree health benefits to their state employees, a reinsurance program would provide premium relief of up to \$1,200 per family policy per year for all employees.
 - Reduces uncompensated care. Right now, providers in Connecticut lose \$383 million in uncompensated care each year,¹³ which states subsidize at least in part. Instead, under reform, uncompensated care would begin to be reduced immediately as more uninsured people gain coverage.

Health Insurance Reform Provides Stability, Security, and Choice.

- Provides relief from rising health care costs.
 - Ends the "hidden tax". The \$383 million spent on uncompensated care in Connecticut often gets passed along to families in the form of a hidden premium "tax".¹⁴ By expanding coverage to the uninsured, health insurance reform will eliminate this burden

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²³ Centers for Medicare and Medicaid Services.

²⁴ Casalino LP, Nicholson S, Gans DN, et al. What Does It Cost Physician Practices To Interact With Health Insurance Plans? *Health Affairs*, July/August 2009; 28(4): w533-w543.

²⁵ American Medical Association, Physicians Professional Data, year of data 2008, copyright 2008: Special Data Request.

²⁶ American Medical Association, Physicians Professional Data, year of data 2008, copyright 2008: Special Data Request.

²⁷ Office of Shortage Designation, Bureau of Health Professions, Health Resources and Services Administration (HRSA), Special Data Request, April 2009.

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exempt from deductibles. *Effective 6 months after enactment.*

12) New, Independent Appeals Process

Ensures consumers in new plans have access to an effective internal and external appeals process to appeal decisions by their health insurance plan. *Effective 6 months after enactment.*

13) Ensures Value for Premium Payments

Requires plans in the individual and small group market to spend 80 percent of premium dollars on medical services, and plans in the large group market to spend 85 percent. Insurers that do not meet these thresholds must provide rebates to policyholders. *Effective on January 1, 2011.*

14) Community Health Centers

Increases funding for Community Health Centers to allow for nearly a doubling of the number of patients seen by the centers over the next 5 years. *Effective beginning in fiscal year 2011.*

15) Increases the Number of Primary Care Practitioners

Provides new investments to increase the number of primary care practitioners, including doctors, nurses, nurse practitioners, and physician assistants. *Effective beginning in fiscal year 2011.*

16) Prohibits Discrimination Based on Salary

Prohibits new group health plans from establishing any eligibility rules for health care coverage that have the effect of discriminating in favor of higher wage employees. *Effective 6 months after enactment.*

17) Health Insurance Consumer Information

Provides aid to states in establishing offices of health insurance consumer assistance in order to help individuals with the filing of complaints and appeals. *Effective beginning in fiscal year 2010.*

18) Holds Insurance Companies Accountable for Unreasonable Rate Hikes

Creates a grant program to support States in requiring health insurance companies to submit justification for all requested premium increases, and insurance companies with excessive or unjustified premium exchanges may not be able to participate in the new Health Insurance Exchanges. *Starting in plan year 2011.*

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- **Status Quo: Hidden Tax Adds \$1,000 to Every Premium.** Currently, the cost of treating the uninsured adds a "hidden tax" of over \$1,000 to every health care premium.
- **Solution: Reduce Hidden Tax by Dramatically Expanding Coverage.** Health reform will significantly reduce this tax by covering an additional 32 million additional Americans by 2019.

Reduces Premiums in the Small Group Market.

- **Status Quo: Higher Premiums Mean Coverage Is Unaffordable for Small Businesses.** In a recent national survey, nearly three-quarters of small businesses that did not offer benefits cited high premiums as the reason.
- **Solution: Health Reform Will Lower Costs, Making Coverage More Affordable.** Taken together, the measures described above will significantly reduce premiums for small businesses. According to CBO, health reform will reduce the cost of a given plan in the small group market by 1-4 percent by 2016.

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